

POLICY EXPERIENCES

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1 Motivation

West Germany abolished the death penalty in 1949. This was contrary to the wishes of the vast majority of citizens. Surveys indicate that at least 70% of West Germans at that time were in favor of retaining the death penalty for the most serious crimes.¹ Since then attitudes shifted dramatically. While there are occasional calls for the re-introduction of the death penalty, usually after a particularly heinous crime, these are limited, receive no attention in the media, and are without hope for success. This discrepancy between implemented policies and voter's policy preferences also emerged in the German Refugee Crisis 2015/2016. Despite 72% of voters opposing a higher number of refugees, Angela Merkel kept the borders open and de facto increased the number of refugees.² While this led to an immediate backlash and the formation of a new right wing party, this party's popularity and numbers have started to drop as voters have started to identify with a greater openness towards refugees.

Obama's Affordable Care Act was similarly met with skepticism by a majority of voters in 2014 when it went into effect. At that point, in fact, most voters opposed it. In addition, numerous voters were unsure about their position on it. Eight years later, a majority of voters approves of the Affordable Care Act and the share of citizens that had not yet formed a position on it vanished.³

These examples highlight that politicians select policies that are at odds with the preferred policies of the median voter. In particular, they may select policies that are more aligned with their own policy preferences. Additionally, these examples indicate that voters change their attitudes on policy issues, once they experience the policy. Given the influence of a policy on voters' attitudes, what type of policies do politicians choose

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¹<https://www.zeit.de/2019/21/artikel-102-grundgesetz-todesstrafe-70-jahre-brd>

²<https://de.statista.com/statistik/daten/studie/378964/umfrage/umfrage-zur-aufnahme-von-fluechtlingen-in-deutschland>

³<https://www.kff.org/health-reform/poll-finding/5-charts-about-public-opinion-on-the-affordable-care-act-and-the-supreme-court>

to implement? When do they choose to depart from the median voter’s preferred policy?

What is remarkable is that all of the policies introduced against the wish of voters were there to stay as voters began to embrace them. Abolishing these new policies proves challenging. Moreover, the set of feasible policies changes as voters’ attitudes have evolved due to their experiences with a new policy. This has implications for the Overton window, defined as the set of acceptable policies at a given point in time, which changed. It raises the question of how the Overton window changes due to the experience of new policies.

2 Approach

To address these questions we build on the citizen-candidate model by [Osborne and Slivinski \(1996\)](#), [Besley and Coate \(1997\)](#), a setting in which candidates are both policy- and office-motivated. In this framework, candidates cannot commit to a policy platform during the election. Instead, voters elect a candidate, the candidate chooses his preferred policy, and the game ends. In the static setting, this framework leads to a multiplicity of equilibria. However, once it is extended to a dynamic setting, candidates generally converge to the median voter’s preferred policy as summarised in [Duggan and Martinelli \(2015\)](#). Taking into account that voters’ preferences are changing generates varying policies over time. Candidates have initially an incentive to deviate from the median policy in order to effect preference change. Even when candidates return to the new, updated median policy, we still observe distinct policies in different periods, driven by a shift in underlying fundamentals.

The citizen-candidate approach is further useful as it allows us to generate different policies over time, which are not constrained by the static policy preferences of a given politician. Therefore, our approach complements the ones chosen, for instance, by [Izzo \(2020\)](#) and [Callander \(2011\)](#), where politicians have fixed preferences. As in our setting, in these papers, voters learn about policies and the impact these measures have on their preferences. While the assumption of static preferences for the politician is a natural one in the short run, it may not hold further down the line.

We, therefore, investigate the impact of a new policy on voters’ preferences and future policy positions of the citizen-candidates. In keeping with the citizen-candidate model, politicians cannot provide information about a policy, rather the policy must be implemented for citizens to learn. However, we do allow for social learning, in line with the notion that policies are experience goods ([Hutter \(2011\)](#)). The policy must be experienced for voters to learn whether it is beneficial to them, but once it has been, its benefits may also be observed by others.

Policies can affect voters in different ways.

1. *Global vs Local Policies*: Policies may impact all voters or they may affect only a subset of voters, allowing only this subset to learn immediately. However, there may be spillovers to others not directly able to experience the policy leading to social learning over time (Banerjee (1992), Bikhchandani, Hirshleifer, and Welch (1992), Smith and Sørensen (2000)). The speed of learning may also vary depending on the implemented policy.
2. *Populist Policies* Policies can shift the preferences of all voters, preserving their variance. Alternatively, they can lead to a bunching of preferences, creating a more narrow distribution. This is not a policy where a higher or lower level is necessarily beneficial, but rather a policy that becomes widely accepted once it is implemented—a feature in line with the motivating examples. While it may seem straightforward that these types of policies will always be implemented, this in fact depends in subtle ways on the distribution of voters and their preferences. Moreover, it is far from obvious how these policies evolve in the long run, potentially leading to a persistent fluctuation across policies.
3. *Divisive Policies* These are policies that are liked by some citizens but lead to an opposition stance by others once they are experienced. We capture this by dispersion of voter preferences in a second-order stochastically dominated manner, among other approaches. Again, whether it is optimal to implement such a policy depends on the initial distribution of voters' preferences and the range of their responses to the policy.

Overall, we provide a rich framework to help understand the evolution of policies and preferences in an infinite horizon setting, where both candidates and policies are endogenous.

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